

ABC Corporation
Indirect Cost Rate Calculation - **One Rate Method**
Based on Actual Costs
For the Year Ended December 31, 2010

STEP 1		/-----STEP 2-----/		
Cost Category	(Note a) 2010 Expenditures	Indirect Costs	Direct Costs (Note b)	Unallowables/ Exclusions
M. Aroni, President (Note c)	\$ 65,250	\$ 65,250		
D. Sullivan, VP Finance & Administration (Note c)	52,250	52,250		
A. Smith, Bookkeeper (Note c)	24,800	24,800		
F. Muller, Senior Scientist - NIH grant (Note c)	56,600		56,600	
V. Cro, Senior Scientist - NSF grant (Note c)	52,250		52,250	
C. Zagler, Senior Scientist - IR&D (Note c)	60,900		60,900	
4 Staff Scientists @ \$40,000 each - NIFA grant (Note c)	139,300		139,300	
4 Junior Scientists @\$25,000 each - NIFA grant (Note c)	87,000		87,000	
Total Salaries & Wages	538,350			
Payroll taxes (FICA, FUTA, SUTA), see (Note d)	55,000	55,000		
Health insurance (Note d)	92,775	92,775		
Vacation (Note c, d)	40,150	40,150		
Holidays (Note c, d)	27,000	27,000		
Sick leave (Note c, d)	13,000	13,000		
Pension costs/401 K plan (Note d)	35,000	35,000		
Consultant (NIH grant)	50,000		50,000	
Consultant (NSF grant)	100,000		100,000	
Depreciation	5,000	5,000		
Equipment (Note e)	20,000			20,000
Lab Supplies (NIH)	7,500		7,500	
Lab testing services (NIH)	12,500		12,500	
Computer services (NSF)	5,000		5,000	
Telephone	5,000	5,000		
Office Rent	70,000	70,000		
Accounting/audit fees	1,000	1,000		
Direct Travel	20,000		20,000	
Subcontract - NIH (Note e)	50,000		25,000	25,000
Subcontract - NSF (Note e)	25,000		25,000	
Bad Debts expense	5,000			5,000
Interest	5,000			5,000
Donations	500			500
Total Expenses	\$ 1,182,775	\$ 486,225	\$ 641,050	\$ 55,500

STEP 3 - Calculate Indirect Cost Rate

Indirect Cost Rate - If using a **Direct Salaries & Wages Distribution Base** 122.8% (\$486,225/\$396,050)

Indirect Cost Rate - If using a **Modified Total Direct Cost Distribution Base** 75.8% (\$486,225/\$641,050)

Notes:

- (a) Taken directly from audited financial statements
- (b) ABC Corporation has four (4) direct projects (NIH, NSF, NIFA and IR&D).
- (c) The annual salary for each employee per the company's official personnel file is as follows:

	Total Salaries	Paid Absences	Allocable Salaries
M. Aroni, President	\$ 75,000	\$ 9,750	\$ 65,250
D. Sullivan, VP Finance & Administration	60,000	7,750	52,250
A. Smith, Bookkeeper	28,500	3,700	24,800
F. Muller, Senior Scientist - NIH grant	65,000	8,400	56,600
V. Cro, Senior Scientist - NSF grant	60,000	7,750	52,250
C. Zagler, Senior Scientist - IR&D	70,000	9,100	60,900
4 Staff Scientists @ \$40,000 each	160,000	20,700	139,300
4 Junior Scientists @\$25,000 each	100,000	13,000	87,000
	<u>\$ 618,500</u>	<u>\$ 80,150</u>	<u>\$ 538,350</u>

(d) ABC Corporation treats all employee benefits as an indirect cost, which it recovers through the application of its indirect cost rate.

(e) When using a MTDC distribution base, ABC Corporation excludes from the indirect cost rate calculation all equipment costs and subcontract costs in excess of \$25,000 (per subcontract).